Creditors recover 50% of claims: IBBI

Affidavit by IBBI filed in NCLAT shows data of 88 successful CIRP

AASHISH ARYAN
New Delhi, 14 April

Of the admitted claims of ₹1.42 trillion in the 88 companies that have undergone a successful Corporate Insolvency Resolution Process (CIRP), about ₹68,766 crore has been realised by the claimants, including operational and financial creditors, an affidavit by the Insolvency and Bankruptcy Board of India (IBBI) shows.

The said affidavit by the IBBI had been filed at the National Company Law Appellate Tribunal (NCLAT). The numbers in the affidavit contain data until February 28. *Business Standard* has seen a copy of the affidavit.

During a hearing in the ongoing CIRP of Essar Steel India Limited, the appellate tribunal had on March 27 asked the IBBI to submit the details of the average distribution of funds between operational and financial creditors of various companies that had successfully undergone the debt resolution process under the IBC.

The total admitted claim of financial creditors of these 88 companies stood at ₹1.3 trillion, of which they recovered ₹65,635 crore. Operational creditors, on the other hand, had made claims of ₹6,469 crore, of which they recovered ₹3,131 crore, the data on the affidavit shows.

Business Standard had earlier reported that for financial creditors of these 88 firms, realisation as percentage of their admitted claims stood at about 48.24 per cent. The realisation as percentage of their admitted claims for operational creditors stood at 48.41 per cent, while the total realisation by both financial and operational creditors in these companies stood at 48.25 per cent. Other than the 88 cases that have undergone successful CIRP, 70-75 cases have been withdrawn under Section 12(A) of the Act as the corporate debtor agreed to pay the entire debt and take their company out of insolvency.

Thousands of cases have been withdrawn after creditors took companies to the National Company Law Tribunal (NCLT), but before they were even heard or admitted, as the corporate debtors reached some settlement with the lenders by paying the debts, IBBI Chairman M S Sahoo had then told Business Standard.

Big ticket names such as Bhushan Steel, Electrosteel Steel, Monnet Ispat and Energy, Amtek Auto, and Binani Cements also figure in the list of these 88 companies.

Bhushan Steel, the largest company till date to have undergone successful CIRP, saw total admitted claims worth ₹57,505 crore, of which the admitted claims of financial creditors stood at ₹56,022 crore. The financial creditors managed to recover ₹35,571 crore, which was roughly 63.5 per cent of their admitted claims. Operational creditors of Bhushan Steel had a slightly better deal as they managed to recover nearly ₹1,200 crore against their admitted claim of nearly ₹1,483 crore, thereby making nearly 81 per cent recovery.

The company, which was admitted to insolvency by the Principal Bench of NCLT at New Delhi, took nearly 290 days to be resolved at the first level. Other companies such as Binani Cements took nearly 500 days, while Electrosteel Steel took 286 days to be resolved at NCLT level, according to the data in the affidavit.

The IBBI chairperson had earlier defended the time taken for CIRP under the Insolvency and Bankruptcy Code (IBC), saying it took on an average 300 days compared to 5-8 years taken under the process prescribed by Board for Industrial and Financial Reconstruction (BIFR).

"One has to look at the IBC process in comparison with the previous regime under the BIFR. If you look at the cost of resolution process, it is 0.5 per cent of money realised, but in BIFR, the cost was 9 per cent. In terms of the time taken under the IBC, it takes on an average 300 days to resolve the cases," Sahoo had told *Business Standard*.

Of the 88, financial creditors have moved insolvency applications in 47 companies, while operation creditors have taken 23 such defaulting companies to the NCLT under the IBC. The other 18 insolvency cases have been moved by the corporate debtors themselves, the data on the affidavit shows.

The Kolkata bench of the NCLT remained the busiest as it disposed of 23 cases of successful CIRP, while the Mumbai and Chennai benches of the tribunal disposed of 18 and 14 successful CIRP cases, respectively.

FIVE BIG CASES

Realisation for financial and operational creditors (in ₹ crore)

	Total admitted claim	Total amount realised by FC	Total amount realised by OC
SYNERGIES DOORAY AUTOMOTIVE	972.15	57.70	3.91
SREE METALIK	1,289.71	607.31	10.95
MONNET ISPAT AND ENERGY	11,478.08	2,892.12	26.26
AMTEK AUTO	12,811.50	4,334.00	51.34
ORCHID PHARMA	3,457.99	1,292.22	50.00

BJP manifesto lacks road map to meet promises

EXIM MATTERS

T N C RAJAGOPALAN

The election manifesto of the Bharatiya Janata Party (BJP) says nothing meaningful on foreign trade or the Goods and Services Tax (GST). It disappoints those looking for serious intent and definite steps to boost exports and reform the GST regime.

The manifesto assures faster customs clearance of international cargo by relaxing clearance procedures, introducing self-declaration, and adopting new scanning technology.

However, these improvements are being pursued by the Customs administration for several years, regardless of the government in power. For example, self assessment was introduced in 2011, direct port delivery in 2009, authorised economic operator scheme in 2012, progressive use of technology several years ago, and so on.

Adequate financial and institutional support for exporters and export organisations to build capacity and equip them with adequate information for unhindered exports is another point on the agenda.

By all accounts, it is not the lack of information that hinders exports.

The challenge is to process the information and come up with insights — something export promotion councils are trying. Of course, more can be done, but finance is not the constraint for doing that.

The manifesto promises to work to reduce agricultural imports, and institute a predictable export and import policy, with a built-in mechanism to encourage exports.

Such a simplistic and mercantilist approach betrays the inability to grapple with complexities to ensure availability of agricultural commodities, maintaining price levels in the domestic markets, conflicting expectations of producers and consumers, etc.

Doubling the total exports by 2022 is one of the aspirations of the manifesto. But, there is no road map to boost competitiveness to attain it.

The same ambitious target was laid down for the current Foreign Trade Policy period. But, exports in 2018-19 are at the same level as they were in 2013-14.

What factors have been identified and what actions are proposed to boost exports now? The manifesto has nothing to say.

So, its statement to double the exports sounds hollow and should be treated as nothing more than mere words with no intent.

The BJP says the GST has resulted in overall lowering of tax rates, and increased revenue collection, particularly for states.

Also, the GST revenue for states have increased 50 per cent in three years. If so, what is the need for a compensation cess? Will it be abolished? What is the way forward? The manifesto is silent.

It merely promises to continue with the simplification of GST process by engaging in dialogue with all stakeholders. It is a positive statement that carries little conviction for want of essential details.

Naturally, comparisons have to be drawn between the manifestos of the BJP and that of its main rival, the Congress.

The inescapable conclusion is the Congress manifesto is much more detailed and far better thought out than the BJP's, at least for boosting exports and reforming the GST regime.

It is true not many people read the manifestoes of political parties.

Even so, when a decision is taken to put out a manifesto, it must be done with due respect to anyone who cares to read — something not done by the BJP for foreign trade and the GST. The contrast with the well-crafted Congress' manifesto is striking.

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Sitting on the dock of the bay, watching the tide roll away...

India's first multi-modal terminal in Varanasi faces land, capacity challenges

SHREYA JAI
Varanasi, 14 April

The Prime Minister last November inaugurated the new Multi-Modal Terminal on the Ganges in Varanasi and received the first container cargo via the inland waterway. Since then, only one other cargo container has docked here, and none has departed.

The highway and rail connectivity which form the other 'modes' of the terminal are yet to be constructed and connected to the water terminal. The root of the delay is the difficulty in acquiring land.

A government statement in July 2018 said the ₹169.59-crore Multi-Modal Terminal being built by the Inland Waterways Authority of India (IWAI) was set to be completed by November this year.

On the ground, however, officials overseeing the project estimate it will take a minimum of two years to be finished. Of the total 200 acres required for the project, 70 per cent has been acquired from farmers. The balance is facing stiff opposition from the locals, some of whom, according to officials, are 'illegal' owners.

This includes the land needed for the dock infrastructure and the road connecting the terminal to NH7 and to the railway station. So far, small land parcels have been acquired. What's left is the large farmland.

"Close to three to four villages fall under it. The land is owned by the benefactors of the Kashi Naresh or Maharaja Vibhuti Narayan Singh who was the last king of Benares. The successors of the families which received the land from him are refusing to give up. Some don't even have a legal paper to prove that but they are the ones protesting the most," said a government official. Kashi Fort, once the residence of the Benares royal family, is a stone's throw away from the water terminal. The land near the fort, including the river side, was given to employees of the royal household. The fort itself is in a dilapidated state with people occupying several parts of it.

"We are offering four times the circle rate to the villagers as compensation to evacuate the land. But the royal landowners want more," said the official. He added that the family of Gopal Singh, a senior figure in the royal family, is leading the protest. Singh's family refused to talk.

Officials are now pinning their hopes on the Land Acquisition Act under which, if they acquire 75 per cent of the required land, they can forcibly acquire the balance. The compensation is given later whenever the displaced people decide to give up their fight, said an official.

The contractor, AFCONS Infrastructure, has close to a dozen executives stationed at the terminal who bar any labourer from talking to the media. IWAI has one senior executive to manage the daily affairs and coordinate with the head office in Noida. None of them agreed to be quoted, calling the project 'highly sensitive'. The IWAI chairman refused to respond to queries.

Even the water terminal inaugurated by Narendra Modi has only been partially built with the dock yet to be fully prepared to handle large cargo. Sources said one container cargo left without unloading as the dock could not handle the commodity.

Experts said a depth of 40 metres is needed for a 16 container cargo to park and unload at the dock. At places near Varanasi, the river Ganges is little more than a stream. This is a major concern but officials are confident that the Clean Ganga Mission will improve the flow soon. For the moment, the IWAI maintains the depth artificially through a dredging process.

Officials said that unless mass use of the terminal picks up, the project will be unviable. Some even queried the terminal as a business proposition. Asked which commodities can be loaded from Varanasi, officials expressed uncertainty as the city is neither a manufacturing centre nor an agri-product market.

"At least three to four cargo per month are needed to meet and recover the cost incurred on the terminal. But there is not much loading in Varanasi which means the cargo will have to wait for a week or 10 days. This escalates their cost and reduces the profit of the terminal," said an official.

Another official said: "Coal can go from here to Farakka in West Bengal or Barh in UP. There are some cement units here but the cement is mostly consumed locally." For the coal to come from neighbouring Pt Deen Dayal Upadhyaya Junction, a rail line is needed. The adjacent Jeonathpur rail line is being extended up to the port and the station is being redeveloped. But work has hardly begun, apart from two alternative rooms for the station master. Work on the line extension started only two weeks ago, according to sources.

The Varanasi Multi-Modal Terminal is one of six such freight terminals planned for Ghazipur, Kalughat, Sahibganj, Triveni and Haldia. It is also part of the National Waterway 1 or Jal Marg Vikas Project financed by the World Bank with a loan of $375 million.

The Varanasi terminal will be part of the larger multi-modal transport network being planned along the Ganges, linking it with the Eastern Dedicated Rail Freight Corridor, and the area's existing network of highways.

The highway and rail connectivity, which forms the other 'modes' of the terminal, is yet to be constructed

KVIC created over 2 million jobs in last five years

PRESS TRUST OF INDIA
New Delhi, 14 April

The Khadi and Village Industries Commission (KVIC) has created over 2 million jobs in the last five years under the ambitious Prime Minister Employment Generation Programme (PMEGP), the commission's top official has said.

KVIC Chairman Vinai Kumar Saxena said the Commission has always achieved more than 100 per cent success rate in the execution of the PMEGP.

He said prior to 2014-15, the achievement rate was never over the stipulated target. But in the last five years, due to the push given by Prime Minister Narendra Modi, to digital India, the KVIC succeeded in surpassing the targets.

"Incredible it may sound, amid much debate about job crisis in the nation, the KVIC, leading from the front, has created 2 million new jobs, and set up 267,226 projects under its ambitious PMEGP in the last five years, i.e. between 2014-15 to 2018-19," Saxena told PTI.

In 2018-19, the KVIC, the nodal agency of PMEGP, had been given a target of setting up 70,386 new PMEGP projects disbursing ₹1,968.80 crore for creating 562,351 employments, he said.

"Surprisingly, the KVIC achieved 105.05 percent success in this process as it had set up 73,408 projects, disbursing margin money of ₹2,068.31 crore," he said.

STATSGURU

India's economy vis-a-vis the world

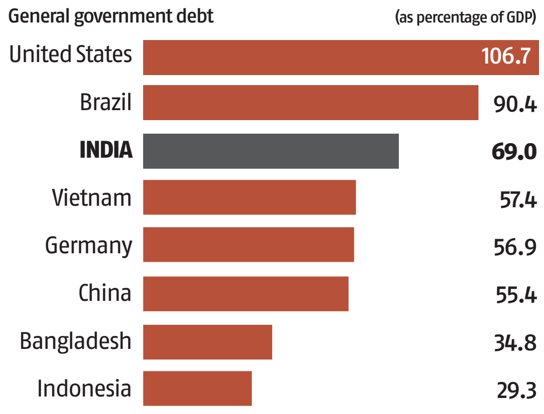
CALLING IT A "DELICATE YEAR" for the global economy, the International Monetary Fund (IMF), in its 'World Economic Outlook', has warned against three key risks — growing inequality, weak investment, and rising protectionism in trade.

A look at a group of countries across key macroeconomic indicators such as debt, savings and investments, inflation, income and trade shows India falls almost in the middle of this mix in nearly all parameters in the IMF estimates for 2019.

While the US and Brazil lead in debt as a percentage of gross domestic product (GDP) (*Chart 1*), China continues to reign in terms of savings and investment rates among the mix, *Charts 2* and *3* show. Brazil falls to the bottom in this respect. For developing countries, though investment rates are rising, capital stocks per capita are still low, and are a cause of concern, the report notes. In terms of trade growth, China has seen a relative slowdown in recent years, taking it nearer to the developed countries' indicators. Vietnam and Bangladesh are seen clearly maintaining a stronger focus on exports vis-a-vis India (*Chart 4* and *5*). Rising oil prices and relatively high trade costs would hamper oil-importing emerging markets (EMs) such as India, the IMF says. After riding through a phase of low prices, especially in the rural areas, consumer inflation in India is inching up, higher than developing peers, shows *Chart 6*. Finally, *Chart 7* demonstrates India has a lot to catch up among leading EMs in terms of per capita incomes (represented by GDP). ABHISHEK WAGHMARE

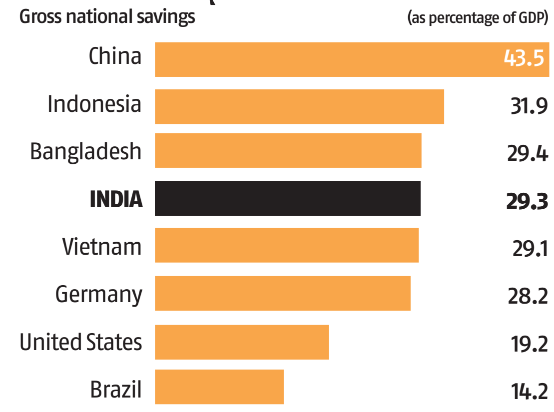
1: INDIA'S GOVERNMENT DEBT STILL HIGH

General government debt (as percentage of GDP)



2: SAVINGS RATE QUITE LOWER THAN CHINA

Gross national savings (as percentage of GDP)



3: RISING INVESTMENT RATES HAVE CAVEATS

Investments (as percentage of GDP)

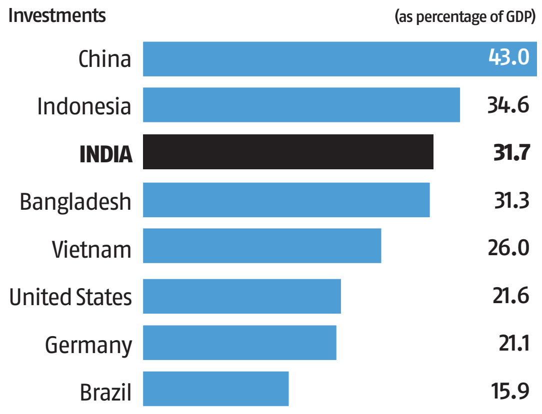
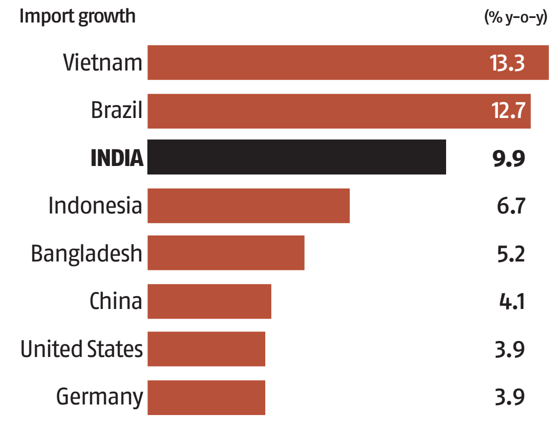


ILLUSTRATION: AJAY MOHANTY

4: INDIAN IMPORTS RISE FASTER THAN EXPORTS

Import growth (% y-o-y)

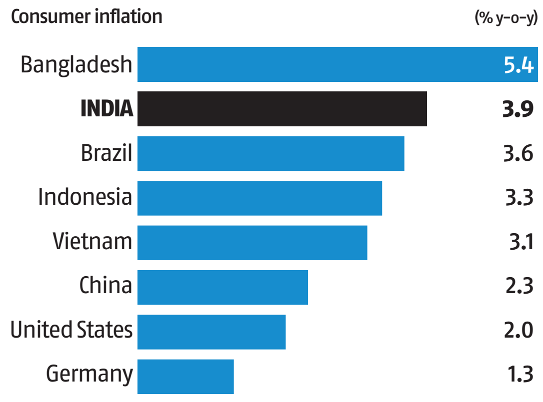


5: CHINESE TRADE GROWTH NEARS ADVANCED ECONOMIES

Export growth (% y-o-y)

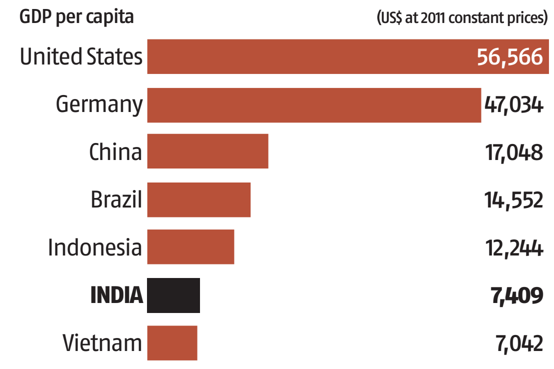
6: INFLATION IN INDIA INCHING UP

Consumer inflation (% y-o-y)



7: A LOT TO CATCH UP ON PER CAPITA INCOMES

GDP per capita (US$ at 2011 constant prices)



US and Germany represent advanced economies, China and Brazil as leading emerging markets while Indonesia, Vietnam and Bangladesh as Asian peers and export competitors

Source: IMF

StatsGuru is a weekly feature. Every Monday, *Business Standard* guides you through the numbers you need to know to make sense of the headlines

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